

TRANSMISSION RESULT REPORT (23 JUN '94 08:40).....
BAT CORPORATE AFFAIRS
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BRITISH-AMERICAN TOBACCO COMPANY LIMITED ~~SCHROEDERS~~

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Company:	Tashkent	Phone Number:	44 784 448117
Fax No:	010 873 1406764	Fax No:	44 784 448391
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Reference our conversation today re level playing field or protective tariffs

1. From the very beginning of our discussions with Ministry of Finance on indirect taxes we have informed them that it is current international practice to apply a protective import tariff and then to apply equal rates of domestic taxation, including VAT, to both imports and domestic production. Copy trip note 19.1.94 (part) - attached.
2. In February M. of F. had changed stance because of necessity to allow free imports. They also proposed lower rates of excise tax on domestic production. See trip note dated 3 March - attached. Recognising the reality of the supply shortfall and the existence of the Presidential decree banning import duties, we concentrated on remedying the inequality of the differential tax rates favouring imports, but we never lost sight of the fact that post July

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